

# Third quarter 2022 Presentation

AKOBO MINERALS AB (publ)

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# Disclaimer

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This presentation includes information from the Segele Mineral Resource Estimate released by Akobo Minerals AB on the 22nd of April 2022. Akobo Minerals AB confirms that it is not aware of any new information or data which materially affects the information contained in the press release regarding the Segele Mineral Resource (22/4/2022). All material assumptions and technical parameters underpinning the estimate are relevant and have not materially changed.

The information that relates to Mineral Resources is based on information compiled by Mr Michael Lowry who is a member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of SRK Consulting (Australasia) Pty Ltd. Mr Lowry has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Lowry consents to the inclusion in the report of the matters based upon his information and context in which it appears.

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# Akobo Minerals in a nutshell

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- ❑ Ethiopia – vast untapped mineral potential
- ❑ Peace agreement signed – new opportunities and reforms back on track
- ❑ Project situated in the gold rich and well-known Arabian Nubian shield
- ❑ 14 years of on-the-ground experience – relationships developed at all levels
- ❑ Internationally-recognised ESG program in place
- ❑ SRK and ALS verified world class grades – indicated resources 41' oz gold @ 40.6 g/t
- ❑ Renewed and granted licenses securing long-term foothold
- ❑ Highly promising exploration targets – Segele, Joru, Wolleta...
- ❑ Professional contractors signed-up for processing plant and contract mining
- ❑ Mine entrance work commenced
- ❑ Processing plant more than 90 percent complete
- ❑ First containers with processing plant arrived with shipping of parts ongoing
- ✓ **A 'de-risked' project on all levels**
- ✓ **Fully-funded to production start**
- ✓ **Gold production on schedule**
- ✓ **Significant cash flow expected**
- ✓ **Potential for dividend after repayment of loan**
- ✓ **The first new gold producer in Ethiopia since Legadembi in 1994**
- ✓ **First mover advantage, with several expansion possibilities identified**





# Key events - third quarter

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## Events during third quarter

- Successful core drilling at the Joru project, including 12.5g/t over 0.5m
- Gold confirmed in a new mineralised zone, west of the main Segele mineralisation
- Contract signed with IW Mining to provide underground mining services
- Secured USD 5m convertible loan for the Segele mine development

## Events after the period

- Peace agreement signed between Ethiopian government and Tigray People's Liberation Front
- Obtained collaborative agreements with several academic and training institutions (in Dima, Jimma, Addis Ababa and Oslo)
- Contract miner, IW Mining, deployed to site
- Broke ground at Segele to develop the incline shaft box cut
- Secured USD 8.5m funding in a loan facility from US-based Monetary Metals



# Financial performance overview

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## Q3 2022

- Results for the period SEK -17.2 million\*
- Results year-to-date SEK -19.6 million
- Cash flow for the period SEK 10.8 million\*\*
- Cash at end of period SEK 15.6 million
- Total equity at end of period SEK 56.9 million
- Total external debt at end of period SEK 63.7 million

\* Incl. SEK 8.8 million in operational costs from Etno Mining. Previously capitalised.

\*\* Incl. SEK 50 million raised in convertible bond

## Remarks

- There was an increase in costs, resulting from the expansion of mining-related activity
- Compared to previous quarters where all costs in Etno Mining were capitalised, parts are now included in the income statement
- The convertible loan of USD 5m has been booked as long-term debt. The remainder is working capital-related

# Funding from Monetary Metals – A real gold loan

**The loan is structured as a gold loan with internationally-recognised investors through US-based Monetary Metals**

- 5,000 ounces at 1.700 USD/ounce = 8.5 mUSD
- 22% interest rate
- 2% warrants at 6.9 SEK
- 2-year maturity
- Repayment based on cash flow – 50% cash sweep
- Early repayment possible

The loan can be repaid in gold or the equivalent USD cash amount using the applicable gold price at the time of repayment

As the loan is pegged to the gold price and the value of the gold in the Segele deposit, it provides a natural hedge to gold price fluctuations

## Excerpts from the due diligence report from the funding

- *“The project has one of the highest occurrences of visible gold present in a gold project to be found internationally.”*
- *“We consider the exploration potential in the region to be excellent, with the region having minimal exploration work completed to date.”*
- *“The economics are compelling, and the project is insensitive to increases in operational costs and commodity pricing. The key factor to the financial model is the high-grade gold at >20g/t Au, so when doubling the OPEX (Mining & Processing) and halving the gold price in the cash flow model (Extremely unlikely), the project still produces a positive result.”*

*Keith Weiner, CEO of Monetary Metals, said: “Jørgen and Akobo’s management team presented us with a professional approach to running the business. Couple that with a remarkable gold deposit at Segele, and you have a very compelling economic proposition.”*



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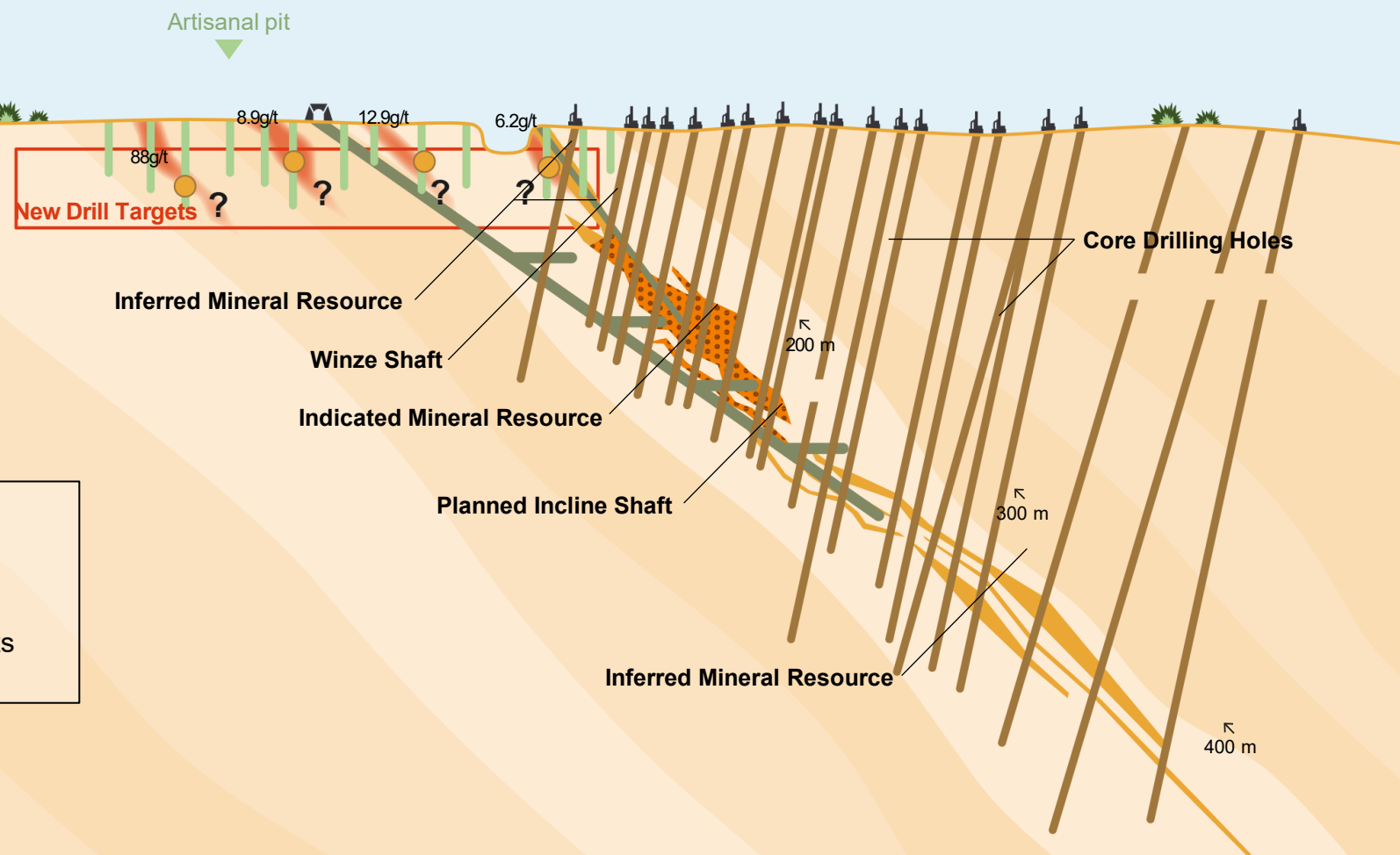
# The Segele deposit

## Key metrics

- Total mineral resource 69,000 oz, 22,7 g/t
- Indicated resource 41,00 oz, 40,6 g/t
- AISC USD 243/oz
- Conservative 81% extraction rate
- 10 t/h plant – upgradable to 20t/h
- Peak production rate 4,000 oz/month
- Life of mine 27 months

## Excellent resource extension potential

- Open at depth
- New mineralization found 100 meters west
- Eight new targets under investigation
- Great potential from assay results in artisan pits
- Low-cost drilling with new drill rigs underway



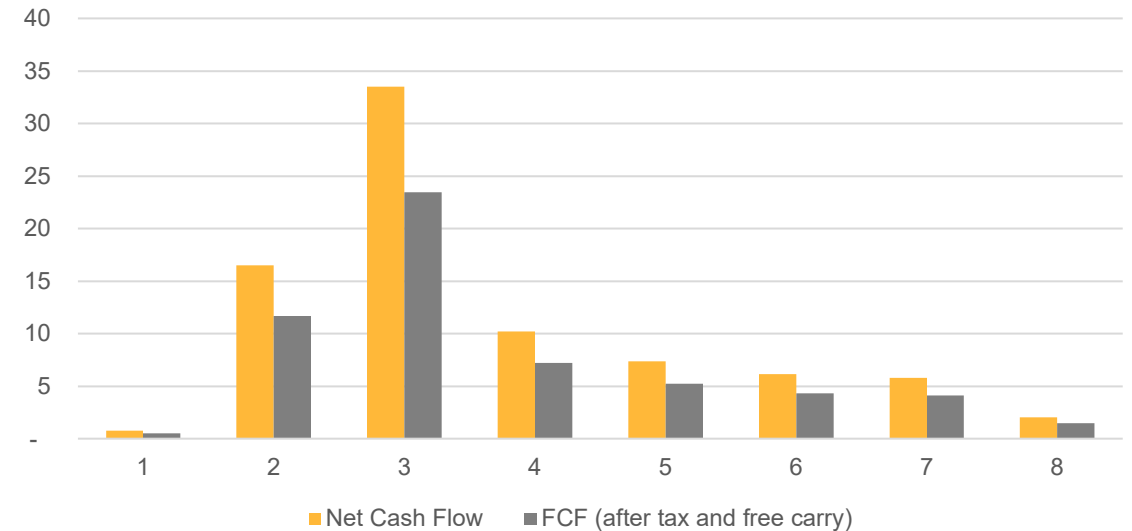
# High margin estimated free cash flow of USD 50 million

## Project financials and key assumptions

The model, based upon Akobo Minerals' current mineral resource estimate, shows a highly profitable mine operation, with an estimated free cash flow of USD 50 million up until the end of 2024

### Key assumptions in the model

- Average gold price of 1,800 USD per ounce for the period 2023-24
- Royalty fee to the Ethiopian Government of 5% of revenues
- Community fund payment of 2% of net profits
- Free carry to federal and regional governments of 7 % of net profits
- Income tax of 25%



- Quarterly cash flow once production commences

Source: Company financial model

Note: The financial information on this page for year 2022 and onwards is only an illustrative example on potential future development. Any deviations in actual development of the model assumptions may have potentially material impact on the actual financial performance of the company. Refer to the appendix for an overview of all model assumptions.



# Key contracts secured for low-risk operation

## CONTRACT MINING OPERATIONS

IW Mining is a small, focused contractor having delivered a wide range of services such as conveyor belt installation, drop raise training, face advance improvement, equipment reclamation and **underground mining stoping and development to a number of the major mining houses** in South Africa over the past seven years

Founded by Willem Pelser and Ian Lowers, having a combined **70 years of mining experience** in various roles on gold and platinum mines

Mine entrance construction

Incline shaft development

Stoping operations



## PROCESSING PLANT

Solo Resources boasts over 30 years of experience in the sales, **design, installation, and commissioning** of metallurgical processing equipment into a variety of applications. Solo's core competencies include project management, project engineering, process engineering, mechanical engineering, and a fully equipped drawing office. Solo has experience in many commodities and has been instrumental in a **total of 31 plants**.

The plant will be operated by Akobo Minerals

Crushing and Milling

Gravity Concentrator

Cyanide in Leach

Elution and Smelting





# Preparation for underground mining almost complete

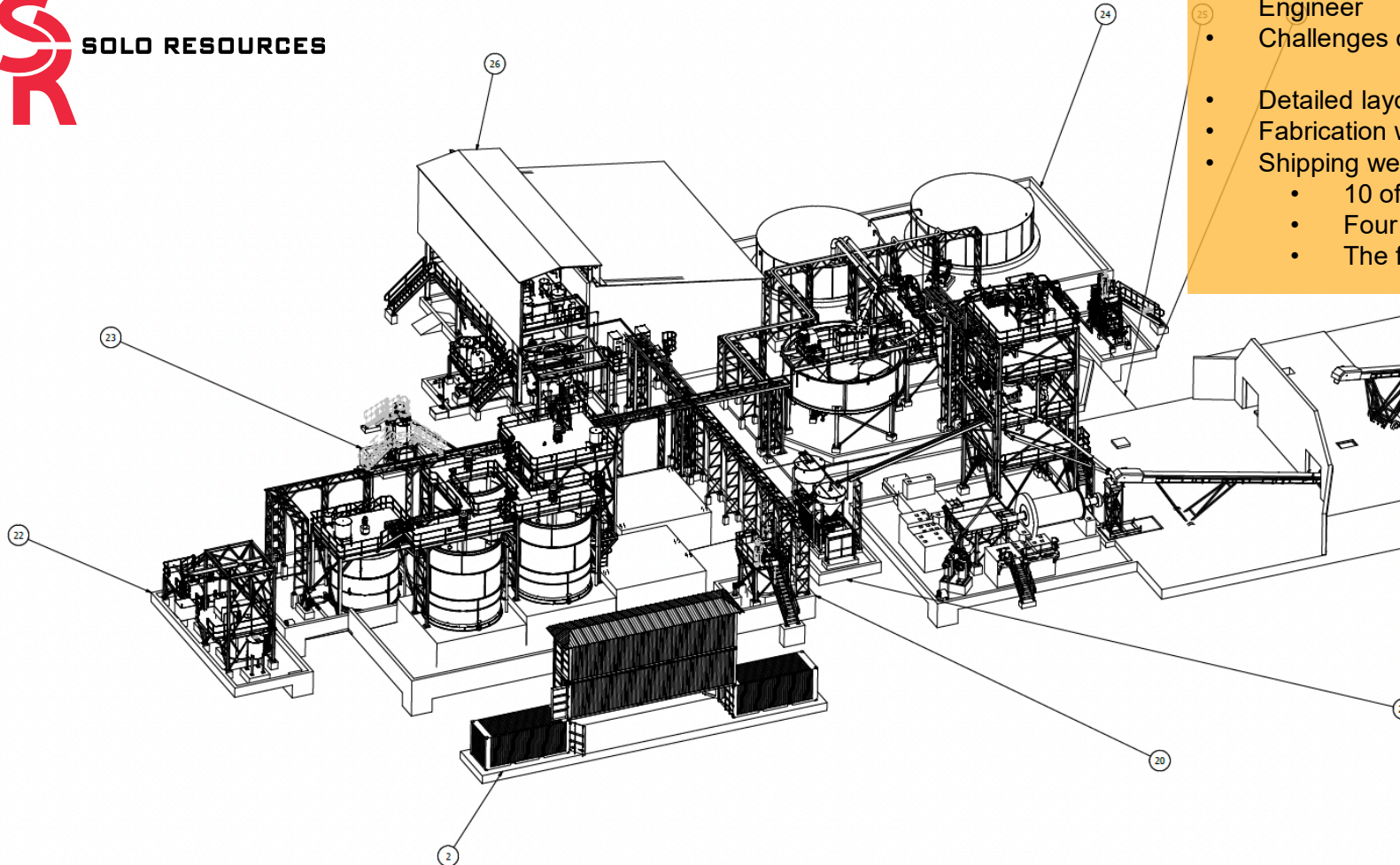




# Processing plant supply nearing completion – on-schedule



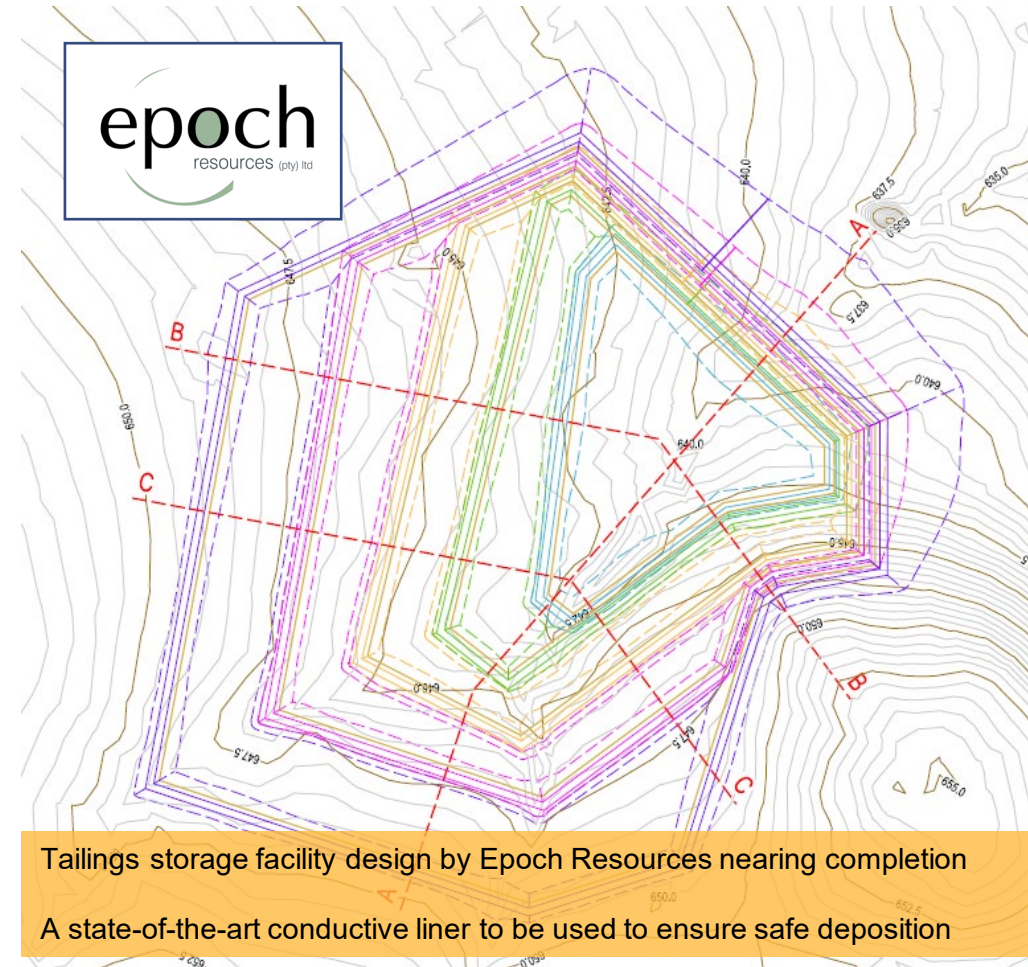
- Process Plant is **on schedule** as adjudicated by Consulting Engineer
- Challenges due to power cuts and transport strikes in South Africa
- Detailed layout drawings and designs 95% complete
- Fabrication work 90% completed (completed mid-December)
- Shipping well underway
  - 10 of 38 consignments have been dispatched
  - Four consignments are at sea
  - The first consignment has arrived



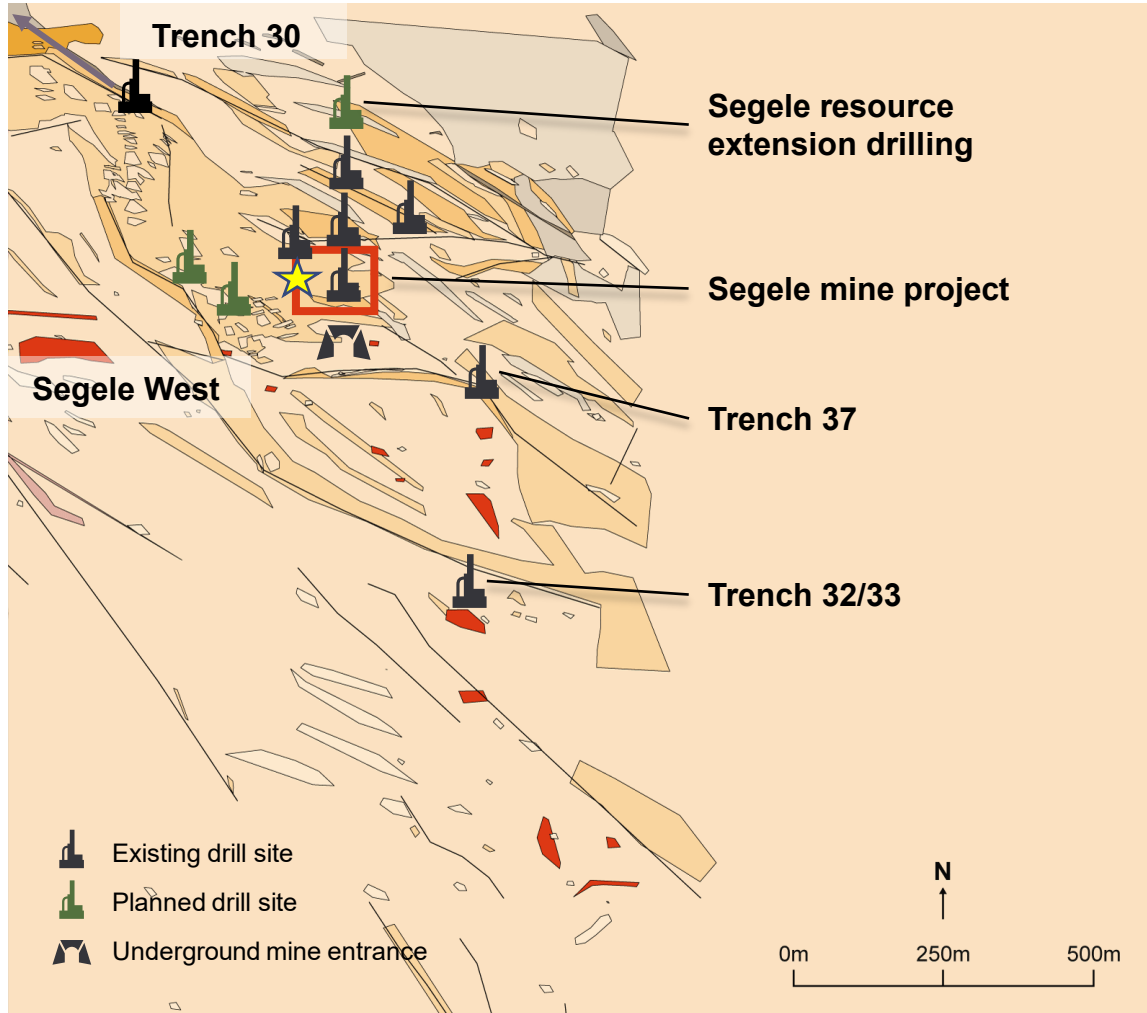
Mill and crushers have arrived in Djibouti



# Processing plant supply and tailings storage facility



# Exploration progress



- **Segele East drilling and geological model review successfully confirmed geology model for Segele**
  - Better information for targeting new exploration holes to extend or discover new mineralization
- ★ **New mineralization with visible gold**
  - Very high nugget effect, new drilling planned as part of the Segele mine expansion plans
- **Latest core drilling results from Joru show gold in all but one hole and high-grade gold in one intersection (12.5g/t over 0.5m)**
  - Results give grounds for continued exploration and core drilling at Joru
- **259 soil samples collected southwest of the Segele mine and will be assayed with gold and multi-element analysis**
- **Assays of drilling at targets T32/33, T37 and T30 did not reveal economic mineralization**
- **Parallel exploration programs at Gindbab, Wolletta and Joru to begin shortly**



# ESG – an integral part of the company

*The ESG program is a strategic win for Akobo Minerals and has facilitated the swift development to mining*  
*Shortlisted for the Mines and Money London ESG Explorer/Developer of the Year Award for the second successive year*

## Sustainable Natural Resources Management Plan



Development of a structure for managing sustainable use of the natural resources



Enhanced environmental and socio-economic well-being of artisanal gold mining communities



Women and youths have improved technical skills, sustainable livelihood opportunities and financial resilience



Improved skills and competencies in sustainable agricultural and pastoralist practice



Delivery of sustainability awareness and education programme supporting healthy and sustainable life skills



Establishing a tree planting and ecosystem management scheme for carbon credits



The Segele mine is fully permitted and advancing towards IFC Performance Standards



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# Income statement – Group

	Q3-2022	Q3-2021	YTD Q3 2022	YTD Q3 2021
Other Operating income				
Cost of goods			-3,327	
<b>Operating Income</b>			<b>-3,327</b>	
Other external expenses	-9,931,865	-2,135,462	-17,504,148	-3,623,795
Personnel costs	-3,959,886	-1,054,035	-6,341,584	-3,149,612
<b>Total operating expenses</b>	<b>-13,891,751</b>	<b>-3,189,497</b>	<b>-23,845,732</b>	<b>-6,773,407</b>
Other interest income and similar profit/loss items	286,114	634,386	9,440,545	634,386
Interest expense and similar profit/loss items	-3,589,951	-1,954,419	-5,198,385	-3,948,692
<b>Result after financial items</b>	<b>-17,195,588</b>	<b>-4,509,530</b>	<b>-19,606,899</b>	<b>-10,087,713</b>
<b>Result for the year before tax</b>	<b>-17,195,588</b>	<b>-4,509,530</b>	<b>-19,606,899</b>	<b>-10,087,713</b>
<b>Result for the year</b>	<b>-17,195,588</b>	<b>-4,509,530</b>	<b>-19,606,899</b>	<b>-10,087,713</b>
<b>Attributable to the parent company's shareholders</b>	<b>-17,195,588</b>	<b>-4,509,530</b>	<b>-19,606,899</b>	<b>-10,087,713</b>

## Comments to figures

- SEK 1.1 million in other expenses mainly relate to consulting services such as accounting, auditing and legal, both in Norway and Sweden
- SEK 8.8 million in other expenses mainly relate to mining activities in Ethiopia
- Personnel costs are primarily salaries for fixed employees in all countries

# Balance sheet – Group

	Per 30.09.2022	Per 31.12.2021
Capitalised expenditure for development and similar work	62,490,632	48,992,177
Plant and machinery	37,653,570	1,105,506
Equipment, tools, fixtures and fittings	1,939,717	601,636
<b>Total Fixed Assets</b>	<b>102,083,918</b>	<b>50,699,319</b>
Trade receivables	365,448	
Other Receivables	2,154,242	1,876,580
Prepaid expenses and accrued income	367,827	410,156
Cash and Bank	15,642,398	33,367,571
<b>Total Current Assets</b>	<b>18,529,914</b>	<b>35,654,307</b>
<b>Total Assets</b>	<b>120,613,832</b>	<b>86,353,627</b>
Share capital	1,579,765	1,579,765
Share premium reserve	100,403,584	122,243,897
Balanced result	-25,448,122	-44,009,568
Result of the year	-19,606,899	
<b>Total Equity</b>	<b>56,928,328</b>	<b>79,814,094</b>
Trade payables	8,174,041	1539012
Current tax liability	175,608	
Other liabilities	53,820,159	2,815,555
Accrued expenses and deferred income	1,515,696	1,359,853
Provisions		825,113
<b>Current liabilities</b>	<b>63,685,504</b>	<b>6,539,533</b>
<b>Total Debt</b>	<b>63,685,504</b>	<b>6,539,533</b>
<b>Total Equity and Debt</b>	<b>120,613,832</b>	<b>86,353,627</b>

## Comments to figures

- Fixed assets are capitalised exploration costs and local mining equipment in Ethiopia
- Other liabilities include a convertible loan of SEK 50 million
- Trade payables are related to production plant invoices from Solo Resources



# Cash flow – Group

	Q3-2022	2021
Before changes in working capital	-13,891,751	-10,568,951
Changes in accounts receivables and other receivables	-3,082	62,255
Changes in accounts payable and other liabilities	8,523,310	3,243,765
<b>Cashflow from operating activities</b>	<b>-5,371,522</b>	<b>-7,262,931</b>
Investment in intangible non-current assets		-22,453,059
Investment in tangible non-current assets	-36,401,605	-1,381,423
<b>Cashflow from investing activities</b>	<b>-36,401,605</b>	<b>-23,834,482</b>
Proceeds from short-term debt	52,588,514	50,877,441
Expenses related to share issue		-7,431,577
Change in provisions		825,113
<b>Cashflow from financing activities</b>	<b>52,588,514</b>	<b>44,270,977</b>
<b>Cash flow for the period</b>	<b>10,815,387</b>	<b>13,173,564</b>
Cash and cash equivalents at beginning of the period	5,819,157	19,302,549
Translation difference in cash and cash equivalents	-992,146	891,458
<b>Cash and cash equivalents at the end of the period</b>	<b>15,642,398</b>	<b>33,367,571</b>

## Comments to figures

- Cash flow from operating activities relates to all entities
- Changes in working capital during the period relates to all entities
- Cash flow from investing activities relates to operational activities capitalised in Ethiopia
- Cash flow from financing activities relates to a convertible loan
- Translation differences relates to changes in foreign exchange values on bank deposits

# Key metrics

SEGELE	2020				2021				2022		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Meters drilled (RC+DDH)	906	69	1,244	1,577	670	-	1,292	5,420	4,410	1,662	768
Accumulated	1,501	1,570	2,814	4,391	5,061	5,061	6,353	11,773	16,183	17,844	18,612
Assays samples generated (incl QAQC)	497	29	439	476	132	-	283	2,051	2,274	1,016	631
Accumulated	1,092	1,121	1,560	2,036	2,168	2,168	2,451	4,502	6,776	7,792	8,423
Indicated Resources ounces	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	41,000	41,000
Avg grams per ton Indicated	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	40.6	40.6
Inferred Resources ounces	n.a	n.a	n.a	n.a	52,410	52,410	52,410	52,410	52,410	27,000	27,000
Total Resources ounces					52,410	52,410	52,410	52,410	52,410	68,000	68,000
Avg grams per ton total	n.a	n.a	n.a	n.a	20.9	20.9	20.9	20.9	20.9	22.7	22.7
<b>JORU</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>
Meters drilled (RC+DDH)	-	-	-	-	260	597	856	545	-	-	-
Accumulated	1,327	1,327	1,327	1,327	1,587	2,184	3,041	3,586	3,586	3,586	3,586
Assays samples generated (incl QAQC)	-	-	-	-	559	452	805	765	-	-	-
Accumulated	1,327	1,327	1,327	1,327	1,886	2,338	3,143	3,908	3,908	3,908	3,908
Inferred Resources ounces	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Avg grams per ton	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a

TRENCHING	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Meters trenched							876	126	-	-	-
Accumulated	7,500	7,500	7,500	7,500	7,500	7,500	8,376	8,502	8,502	8,502	8,502
<b>CORPORATE</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>
Cash balance SEK	7,320,440	6,801,543	5,782,420	19,302,549	11,779,672	6,160,930	47,027,416	33,367,571	19,968,338	5,819,157	15,642,398
Share issue SEK	8,331,517	1,869,233		20,000,000			48,945,840				
Convertible loan SEK											52,588,514
Change cash SEK	-2,572,208	-2,388,130	-1,019,123	-6,479,871	-7,522,877	-5,618,742	-8,079,354	-13,659,845	-13,399,233	-14,149,181	-42,765,273
Employees in total end quarter	17	23	23	32	33	39	41	38	69	87	85
Ethiopia fixed	16	22	22	30	31	36	38	34	41	46	55
Ethiopia temporary and consultants	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	23	36	25
Scandinavia and other	1	1	1	2	2	3	3	4	5	5	5
Gold price end quarter	1,578	1,780	1,885	1,897	1,707	1,770	1,728	1,829	1,932	1,817	1,661



Q & A

